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RUEHBY/AMEMBASSY CANBERRA 1607
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RUEHNE/AMEMBASSY NEW DELHI 5091
RUEHUL/AMEMBASSY SEOUL 8689
RUEHKO/AMEMBASSY TOKYO 6258
RUEHCN/AMCONSUL CHENGDU 1628
RUEHCHI/AMCONSUL CHIANG MAI 1902
RUEHCI/AMCONSUL KOLKATA 0476
RUEAIIA/CIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/DIA WASHDC
RUEHGV/USMISSION GENEVA 4106
RHEHNSC/NSC WASHDC
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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000844

SIPDIS

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TAGS: [SOCI](#) [EAID](#) [PHUM](#) [KHIV](#) [PGOV](#) [SENV](#) [BM](#)
SUBJECT: BURMA: ANALYZING 3D FUND'S OPERATIONS

REF: A. RANGOON 308
[1](#)B. RANGOON 309

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d)

Summary

[1](#)1. (C) The Three Diseases Fund (3DF), the single largest health donor in Burma, has successfully worked for the past 18 months to reduce the morbidity and mortality rates of HIV/AIDS, tuberculosis (TB), and malaria, according to 3DF Manager Mikko Lainejoki. The 3DF's mandate prevents it from funding, either directly or indirectly, the GOB's national health programs or Ministry of Health officials. The GOB clearly dislikes the 3DF's mandate, but has allowed it to operate, while imposing some operational challenges: the GOB continues to play games with visas for 3DF staff; the Ministry of Health requires that any 3DF grants be provided only to registered local NGOs; and the Minister of Health has requested that several 3DF partners curtail their programs for political reasons. Nevertheless, donors consider the 3DF to be a successful program that has saved many lives, providing necessary treatment to HIV/AIDS, TB, and malaria patients that otherwise would not have been available. End Summary.

Filling the Global Fund Gap

[1](#)2. (SBU) In 2006, a consortium of six donors - Australia, the European Commission, the Netherlands, Norway, Sweden, and the United Kingdom - established the Three Diseases Fund (3DF) to reduce the burden of morbidity and mortality from

HIV/AIDS, malaria, and tuberculosis (TB) in Burma and to cover the gap left by the pull out of the Global Fund in 2005. Donors have pledged \$104 million over five years to assist national health programs at the township level, and they disbursed more than \$23 million to 26 implementing partners during the first year. According to Mark Canning, British Ambassador and 3DF Board Chair, the 3DF's implementing partners, which include UN organizations, international NGOs, and local NGOs, use the fund to support 38 different projects in more than 300 townships throughout Burma (Ref A).

13. (C) 3DF Manager Mikko Lainejoki told us that the 3DF Board established strict criteria that prevented the 3DF from providing money, either directly or indirectly, to the Ministry of Health's (MOH) national programs (Ref B). According to Lainejoki, the 3DF only works at the township level and below, strengthening local capacity to better meet the needs of the Burmese. Additionally, the 3DF does not pay honorariums or salaries to government officials who conduct training on behalf of the 3DF. While the Ministry of Health allows the 3DF to operate, it resents the mandate, Lainejoki said. The MOH has raised the salary issue with the 3DF Board, explaining that most GOB officials rely on honorariums to make ends meet. Canning told us that the 3DF Board will not change its policy, despite GOB pressure.

Operational Success

14. (SBU) During the 3DF's first annual review meeting, held in April 2008, donors, implementing partners, and GOB officials highlighted how the 3DF's assistance has addressed

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Burma's health concerns in the areas of HIV/AIDS, malaria, and tuberculosis. The 3DF's budget is divided 60-20-20, with the majority of funds going to HIV/AIDS programs. First year successes included an expansion of national programs for all three diseases; increased number of NGOs providing anti-retroviral treatments (ART) for HIV/AIDS patients; improved coordination between implementing partners and township level health officers; expansion of public-private treatment for TB; and provision and treatment of more than 100,000 long-lasting bed nets (Ref A). Lainejoki explained that the 3DF easily procures drugs for its NGO partners, using its Memorandum of Understanding with the MOH to facilitate quick entry of these products.

15. (C) Although the GOB often delays travel permits for NGO expatriates, the 3DF partners believe they have successfully monitored and evaluated the programs (Ref B), including by using their local employees. Lainejoki commented that donors have been able to travel to various project sites, and that the 3DF hopes to increase travel to more remote areas in 2008-2009.

16. (C) The 3DF Board will conduct a mid-term evaluation of all programs in June 2009, with an eye for reallocating the 3DF budget to better meet TB and malaria needs. The 3DF also plans to shift its focus from prevention of HIV/AIDS to treatment, procuring additional ARTs for NGO distribution. Working with township level officials, the 3DF and its partners plan to identify treatment gaps and improve public-private partnerships to prevent duplication of efforts. Lainejoki noted that the 3DF will launch its third round of small grants in 2009, allocating USD 10 million for local NGOs and Community Based Organizations (CBOs).

Challenges Remain

17. (C) Lainejoki reiterated that the 3DF has successfully met its objectives, providing treatment and care to more than six million Burmese. However, he acknowledged that the 3DF has faced several challenges during the past six months.

Since June 2008, the GOB has "played games" with visas for 3DF management, refusing to issue extension visas for Lainejoki and the Deputy Manager. Lainejoki, who departed for home leave right before his visa expired, was forced to stay in Bangkok for one month awaiting GOB approval of his visa. Lainejoki finally received a one-entry visa, which expires at the end of October. He told us that as of October 28, the GOB has yet to extend his visa.

18. (C) Although the GOB has been more accommodating since Cyclone Nargis to NGOs working in the Irrawaddy Delta, the 3DF and its partners have not yet benefited from this opening, Lainejoki observed. In fact, the Ministry of Health asked several 3DF partners to consolidate their programs and to limit travel of expatriate staff. During the April 3DF Annual Review, several partners, including Merlin and Malteser, complained that the GOB has been slow to allow travel to project sites (Ref A). The Ministry of Health accused one 3DF partner, International Alliance for HIV/AIDS (which also receives funding from the USG), of supporting pro-democracy movements and demanded that it renegotiate its MOU with the government. Alliance Director Choo Phuah told us that the INGO does not engage in pro-democracy work, but she could not say for certain whether any of her more than thirty local NGO partners have political affiliations. The Alliance is currently renegotiating its MOU with the MOH, which wants to reduce the areas where the organization can

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work. Phuah informed us that, should the new MOU come into effect, it would severely limit the Alliance's ability to operate in Burma and would drastically reduce the number of HIV/AIDS patients who could receive care and treatment.

19. (C) The 3DF in early October launched round two of its small grants program after a six-month delay. Lainejoki acknowledged that the 3DF faces problems identifying local NGO and CBO partners, since the Ministry of Health demands that local partners must be registered with the government and have valid bank accounts. So far, the 3DF has identified 13 NGOs and CBOs eligible to submit proposals. Lainejoki noted that there are an additional nine NGOs that have the technical capacity for a 3DF grant but are not officially registered with the GOB. According to Lainejoki, the 3DF continues to negotiate with the Ministry of Health, pointing out inherent contradictions in the regulations and practice: the MOH allows INGOs with expired Memorandums of Understanding to continue to work in Burma and has allowed an unregistered local NGO to sit on the Country Coordinating Mechanism (CCM).

Comment

110. (C) Of late, UN and NGO representatives have been stressing to us that the relative success of the 3DF is evidence that the operational environment today can allow a successful Global Fund program (Ref B). Per above, the reality is complex. The 3DF and its partners have found ways to treat successfully more than six million patients in the past 18 months, but, as they admit, there have been many operational challenges to overcome. The cost of doing business in Burma is high. Lainejoki is among those who argue that the immense humanitarian need and the large number of lives saved through health assistance outweigh the difficulties that an NGO or international organization will face when operating in Burma.

DINGER